

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2019-080-10029R

Parcel No. CA011481

David and Karen Ball,

Appellants,

vs.

Ringgold County Board of Review,

Appellee.

Introduction

The appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on December 11, 2019. David Ball was self-represented. Ringgold County Attorney Clint Spurrier represented the Board of Review.

David and Karen Ball own a residential property located at 1239 Frontier Road, Ellston. It was originally assessed as of January 1, 2019, for approximately \$622,000, but was lowered to \$609,616 as a result of an informal review under Iowa Code section 441.30. (Ex. A, B).

Ball petitioned the Board of Review contending the assessment was not equitable as compared with the assessments of other like properties. Iowa Code § 441.37(1)(a)(1) (2019). The Board of Review modified the assessment to \$593,106, allocated as \$264,162 in land value and \$328,944 in improvement value. (Exs. A & B).

Ball then appealed to PAAB. The Balls indicated on their appeal the land and dwelling were overvalued based on the current market. Therefore, we will consider the claim that the property is assessed for more than the value authorized by law. § 441.37(1)(a)(2).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code Rule 701–126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. §441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property is a one-story home built in 1992. It has 2118 square feet of gross living area, a full walk-out basement with 1750 square feet of living-quarters quality finish, a patio, multiple decks, and a two-car detached garage. The improvements are listed in normal condition with a 3+00 Grade (good quality). The site is 1.055 acres. (Ex. A). It has 244.92 effective feet of lake frontage on Sun Valley Lake.

The Balls submitted a list of Ringgold County property sales over the past three years and lot sales for the Sun Valley Lake development. (Exs. 1 & 2). The Balls do not agree with the large increase in their assessed land value.

The Balls also assert their property is older and lacking features that are typical in homes with similar assessments. David Ball testified the subject is in need of updating and specifically needs exterior paint, siding, roof, mechanicals, and a new deck. In the Balls' opinion, if the property were sold this year they "would be lucky to get \$520,000-\$540,000." (Ex. 3). At hearing, he requested an assessment between \$500,000 and \$510,000.

The Balls submitted five improved properties and three vacant lots they believe support their claim of over assessment. The improved properties are summarized in the table below. (Exs. 3, 4, C, & E).

Comparable	Gross Living Area (SF) ¹	Year Built	Effective Front Foot	Sale Status	Price
Subject	2118	1992	244.92	NA	NA
1 – 1342 Cherri Lane	1456	1978	196.56	Active	\$499,000
2 – 1322 Prairie View	2026	2005	226.97	Pending	\$535,000
3 – 3002 Big Bend Rd	1736	2006	62.93	Active	\$479,900
4 – 3078 Southshore Dr	2280	2006	107.25	Active	\$554,000
5 – 1288 Lake View	1400	2003	82.26	Sold	\$500,000
6 – 1252 Scenic Pl	1608	1982	113.11	Sold	\$510,000

All of the properties are one-story homes, built between 1978 and 2006. All but one of the properties are smaller in gross living area and more recently constructed than the subject. We note the record is insufficient to determine whether these properties are being or were sold under conditions similar to normal, arm's length sales. All properties have less effective front foot of lake frontage.

In Ball's opinion, Comparables 1 and 2 are most similar in age. He testified Comparable 2 eventually sold for \$478,000. Ball believes these two properties support their claim because the unadjusted sale prices are all lower than their 2019 assessed value. However, the record also shows other properties are being sold for more than their assessed values. (Ex. E).

Ball made no adjustments for differences between these properties and the subject and offered no support of his opinion of the subject's market value beyond the unadjusted sales. Further, Ball testified there is only one active listing in the development with a listing price greater than \$600,000; like most of the homes in this price range it is newer than the subject. He further asserts these newer homes have additional features his property does not and are in superior condition. (Ex. 3).

Ball submitted three vacant land comparables, which are summarized in the following table. (Ex. 5, E).

¹ Many of the listing sheets appear to include basement finished areas in the indicated square footage. Square footage shown in table is from Assessor records. (Ex. E).

Comparable	Effective Front Foot (EFF)	2019 Assessed Land Value	List Price	AV Land/EFF
Subject	244.92	\$264,162	NA	\$1079
1 – Lot 3020 Walnut Woods	153.27	\$135,296	\$125,000	\$883
2 – Lot 1997 Southshore Sub	86.40	\$104,004	\$85,000	\$1204
3 – Lot 1994 Southshore Sub	88.93	\$107,054	\$106,000	\$1204

The Board of Review contended the vacant lots were not comparable to the subject's improved site, which would include land preparation, utilities, and landscaping. The Balls assert the comparables support an over assessment claim because the assessed values of each are greater than their list prices. The subject's assessed value per effective front foot is toward the middle of the range for the three properties.

The Board of Review submitted twelve comparables, including six 2018 sales, one 2017 sale, and one 2016 sale. Four of the properties had not sold during the past few years. (Ex. E). The six 2018 sale comparables are summarized in the table below.

Comparable	Gross Living Area (SF)	Assessed Value	Sale Price	Year Built	Effective Front Foot	AV/SP Ratio
Subject	2118	\$593,106	NA	1992	244.92	N/A
1 – 1332 Club House Pt	1666	\$671,769	\$665,000	2004	127.31	1.01
2 – 1332 Club House Cir	1872	\$749,550	\$700,000	2006	224.47	1.07
3 – 1284 Lake View	1600	\$632,726	\$649,000	2005	89.18	0.97
4 – 1258 Wood Ridge	2032	\$578,781	\$580,000	2003	82.69	0.99
5 – 1286 Lake View	1805	\$623,147	\$682,500	2008	88.76	0.91
6 – 3200 Hummingbird Ln	2082	\$653,501	\$654,000	2007	113.36	1.00

While these sales are all newer than the subject property, they indicate an active market for higher priced homes in the development. Furthermore, the subject is the largest of the properties with the greatest amount of lake-frontage, and has the lowest assessed value. The median sales ratio for the six sales included in the table is 1.00.² The Board of Review asserts this supports the current assessment. The Board of Review did not adjust these sales for differences between them and the subject property and no final value range or conclusion is made for the subject property in support of its assessment.

² Exhibit E submitted by the Board of Review shows a median sales ratio for these same sales of 72.63. We note the ratios shown on Exhibit E are incorrect.

Ringgold County Assessor Melinda England testified her office had hired Vanguard Appraisal to research county sales and make adjustments to assessments in the county. Vanguard concluded lake front properties at Sun Valley Lake had the lowest sales ratio of any sub-group of properties in the county, and therefore a larger upward adjustment to the assessment of these properties was required. A low sale ratio tends to indicate the assessed values are below market value.

Analysis & Conclusions of Law

The Balls contend that the subject property is assessed for more than the value authorized by law. Iowa Code § 441.37(1)(a)(2). In an appeal alleging the property is assessed for more than the value authorized by law, the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* The sales comparison method is the preferred method for valuing property under Iowa law. *Compiano*, 771 N.W.2d at 398; *Soifer*, 759 N.W.2d at 779; *Heritage Cablevision v. Bd. of Review of Mason City*, 457 N.W.2d 594, 597 (Iowa 1990). Although separate values are assigned for land and improvements, ultimately our end focus is on the subject's total value. *White v. Bd. of Review of Polk Cnty.*, 244 N.W.2d 765, 769 (Iowa 1976) (suggesting the focus should be on the whole or total assessment, as opposed to certain elements of the assessment) (citing *Deere Mfg. Co. v. Zeiner*, 78 N.W.2d 527, 531 (Iowa 1956); IOWA REAL PROPERTY APPRAISAL MANUAL 2-2).

The first step in this process is determining if comparable sales exist. *Soifer*, 759 N.W. 2d at 783. "Whether other property is sufficiently similar and its sale sufficiently normal to be considered on the question of value is left to the sound discretion of the trial court." *Id.* at 782 (citing *Bartlett & Co. Grain Co. v. Bd. of Review of Sioux City*, 253 N.W.2d 86,88 (Iowa 1977)). "[T]he market value of the assessed property must be

adjusted to account for differences between the comparable property and the assessed property to the extent any differences would distort the market value of the assessed property in the absence of such adjustments.” *Id.* at 783.

The Balls submitted five properties they believe demonstrate their property is over assessed. However, they did not adjust them for differences compared to their home to conclude an opinion of actual value as of January 1, 2019. Actual value is normally demonstrated through evidence of a recent, normal sales transaction of the subject, an appraisal, or comparative market analysis.

The Balls assert the unadjusted listings and sale prices of the comparables support their claim. We disagree. We cannot rely on the unadjusted listings and sales the Balls offered, a majority of which have significantly less lake frontage and less gross living area. We believe there are sufficient differences between the subject and the offered comparables that adjustments are needed to reliably estimate the subject’s actual value.

Viewing the record as a whole, we find the Balls failed to support their claim the property is over assessed.

Order

PAAB HEREBY AFFIRMS the Ringgold County Board of Review’s action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

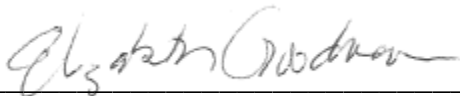
Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A (2019).



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

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Ringgold County Board of Review by eFile